



AFI 63-124

(AFMAN 64-108 REWRITE)

PERFORMANCE BASED SERVICE CONTRACTS

HQ AFSPC/LGC

Overview



- AFI 63-124 Philosophy
- Market Research
- What Has Been Eliminated
- What Has Been Added
 - New Terminology
- Way Ahead

Philosophy of 63-124



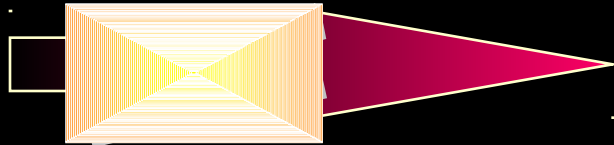
- Provides Flexibility
- Promotes Acquisition Reform Principles
- Emphasizes Performance Based Contracting
- Encourages Commercial Practices
- Promotes Team Approach to Acquisition Life-Cycle
- Promotes Business Process Improvements
- Applies to All Service Contracts Over \$100,000 Annually (Unless Exempted)

What We Want Our Reputation To Be From a Wing Commander's Perspective

FROM

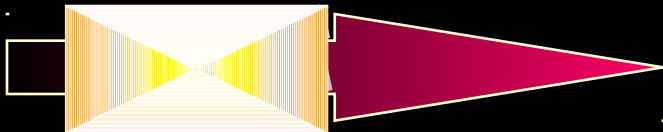
TO

Rigid



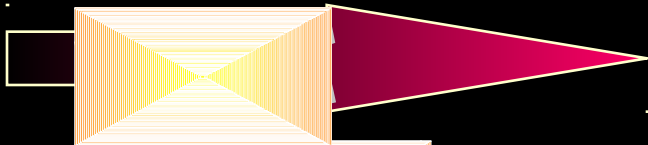
Flexible

Bureaucratic



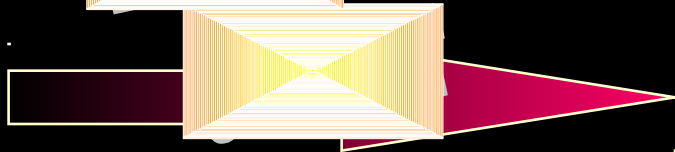
Customer Driven

Lowest Bid



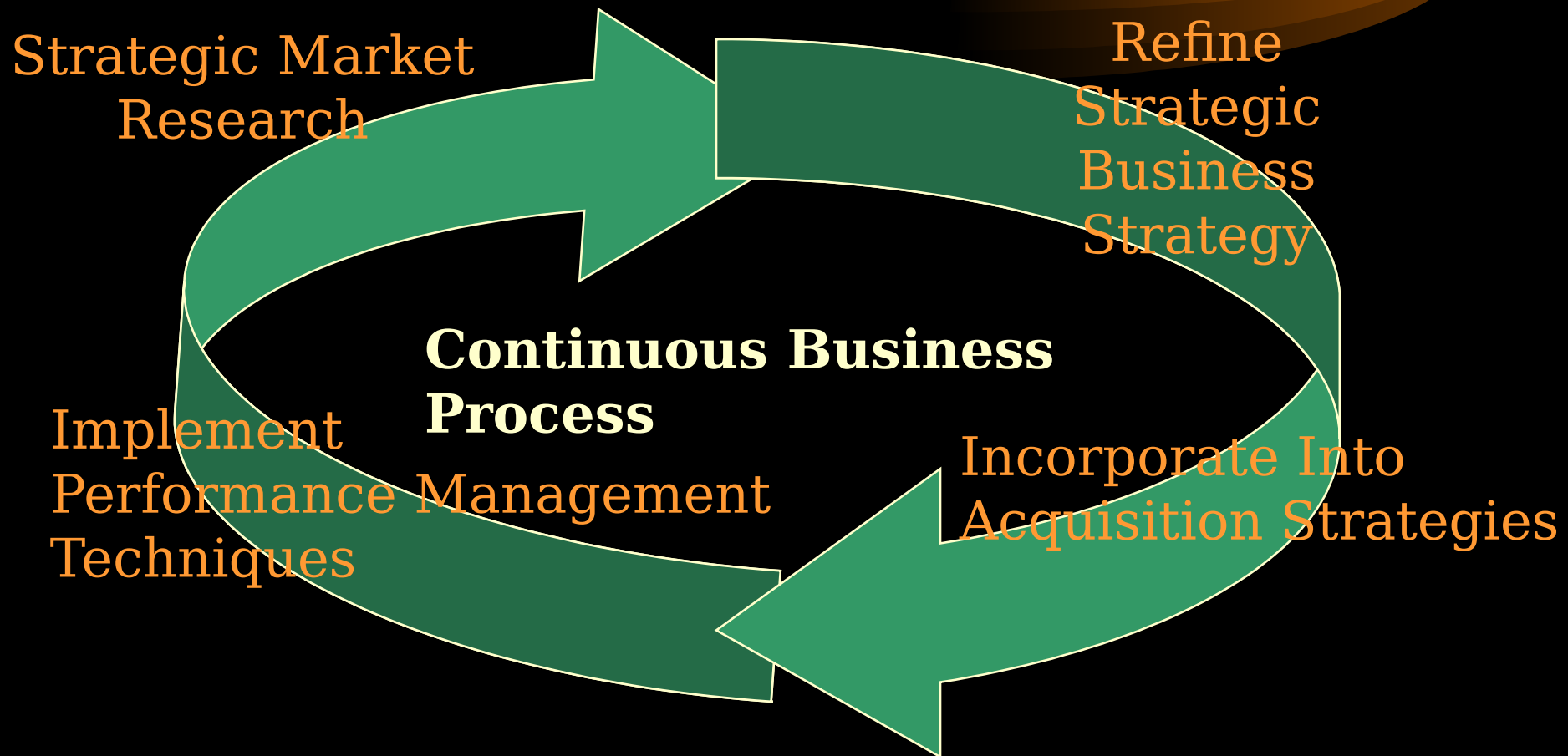
Best Value

Independent



Teaming

Team Approach to Acquisition Life



Market Research

- Determine if requirement is a commercial item
- Identify standard commercial practices
 - Requirements Definition
 - Terms and conditions
 - Warranties
 - Contract format/structure
 - Performance incentives
 - Solicitation and evaluation methods
 - Oversight/Quality Assurance

Market Research - Where to Look

- Internet searches
- Ask current contractor about commercial contracts (get a copy)
- Industry associations
- Talk to people - try to get a real understanding of what the standard commercial practices are

Eliminated in 63-124 (was in 64-108)

- Most Mandatory Language
 - Performance of services during crisis still required
- Emphasis on Monetary Deductions
 - Adversarial Relationship With The Contractor
- 100% Inspection/Random Sampling Preference
 - Oversight Mindset

Added to 63-124



- **Emphasis on Acquisition Team Approach**
 - Performance Management Council
 - Business Requirement and Advisory Group (BRAG)
 - Performance Management

Added to 63-124

- **Performance Management Council**
 - Multi-functional Contracts which span multiple groups or tenant organizations
 - Duties Include:
 - Assessing Effectiveness of Contractor Operations
 - Verifying Effectiveness of Government Performance Management
 - Approving Formal Partnering Agendas

Added to 63-124



- Business Requirements and Advisory Group (BRAG)

A customer-focused multifunctional team to plan and manage service contracts

- Market Research
- Requirements Definition
- Contract Structure
- Quality/Surveillance Measures
- Contractors Input

Added to 63-124



- **Performance Management Concept**
 - New Emphasis on Insight and Partnering w/ Contractor
 - Performance Measurement Built Into Program From Beginning
 - Outcome-based performance standards
 - Relying on contractor's quality control program
 - Use Metrics to Tap into Contractor's Quality Control

Added to 63-124



- New Terminology

PWS → SOW (includes PWS, Work
Statement, SON, SOO, TRD)

FAC → Functional Director or Commander

QAE → QA Personnel

PRS → Service Delivery Summary (SDS)

Business Solutions Exchange



- Knowledge Warehouse
- Lessons Learned/Best Practices
- Groupware Capability

<http://www.bsx.org>

Way Ahead

- Leadership, Functional and Contracting Partnership Required
 - Provide resources commensurate with requirement
 - Up-front research and planning for acquisitions
 - Ensure continuity and teamwork for maximum payoff
 - Continuous communication and improvement
 - Cross-functional perspective can save \$\$\$
- AFSPC is Air Force lead for Institutionalization of
63-124

ROAD MAP



- Immediate Actions:
 - AFSPC Contracting Squadron Commanders
 - AFSPC Directors
 - AFSPC Wing Commanders
- Establish a HQ AFSPC 63-124 Multi-functional Working Group
 - Develop an Implementation/Training Plan to be shared across the Air Force
 - Road Show to AFSPC bases
- Brief at functional Conferences/Mtgs/Training Sessions